

PROVIDING FOR CONSIDERATION OF THE BILL (H.R. 3648) TO AMEND THE
INTERNAL REVENUE CODE OF 1986 TO EXCLUDE DISCHARGES OF IN-
DEBTEDNESS ON PRINCIPAL RESIDENCES FROM GROSS INCOME, AND
FOR OTHER PURPOSES

OCTOBER 2, 2007.—Referred to the House and ordered to be printed

Mr. CARDOZA, from the Committee on Rules,
submitted the following

R E P O R T

[To accompany H. Res. 703]

The Committee on Rules, having had under consideration House Resolution 703, by a nonrecord vote, report the same to the House with the recommendation that the resolution be adopted.

SUMMARY OF PROVISIONS OF THE RESOLUTION

The resolution provides for consideration of H.R. 3648, the “Mortgage Forgiveness Debt Relief Act of 2007,” under a closed rule. The resolution provides for one hour of debate equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means.

The resolution waives all points of order against consideration of the bill except those arising under clause 9 or 10 of rule XXI. The resolution considers as adopted the committee amendment in the nature of a substitute, modified by the amendment printed in this report, and considers the bill, as amended, as read. The resolution waives all points of order against provisions in the bill, as amended. This waiver does not affect the point of order available under clause 9 of rule XXI (regarding earmark disclosure). The resolution provides one motion to recommit with or without instructions. Finally, the resolution permits the Chair, during consideration of the bill, to postpone further consideration of it to a time designated by the Speaker.

EXPLANATION OF WAIVERS

Although the rule waives all points of order against the bill and its consideration (except those arising under clause 9 or 10 of rule XXI), the Committee is not aware of any points of order against the bill or its consideration. The waivers of all points of order against

the bill and its consideration (except those arising under clause 9 or 10 of rule XXI) are prophylactic in nature.

COMMITTEE VOTES

The results of each record vote on an amendment or motion to report, together with the names of those voting for and against, are printed below:

Rules Committee record vote No. 325

Date: October 2, 2007.

Measure: H.R. 3648.

Motion by: Mr. Dreier.

Summary of motion: To make in order and provide appropriate waivers for an amendment in the nature of a substitute by Rep. McCrery that would replace the underlying text with a temporary (three-year) provision on the issue of cancellation of indebtedness income.

Results: Defeated 4–8.

Vote by Members: McGovern—Nay; Hastings (FL)—Nay; Matsui—Nay; Cardoza—Nay; Welch—Nay; Castor—Nay; Arcuri—Nay; Sutton—Nay; Dreier—Yea; Diaz-Balart—Yea; Hastings (WA)—Yea; Sessions—Yea.

Rules Committee record vote No. 326

Date: October 2, 2007.

Measure: H.R. 3648.

Motion by: Mr. Dreier.

Summary of motion: To make in order an amendment, if offered by Mr. McCrery or his designee, which would be separately debatable for one hour, and that the rule waive all points of order against the amendment, except those arising under clauses 9 or 10 of rule XXI.

Results: Defeated 4–8.

Vote by Members: McGovern—Nay; Hastings (FL)—Nay; Matsui—Nay; Cardoza—Nay; Welch—Nay; Castor—Nay; Arcuri—Nay; Sutton—Nay; Dreier—Yea; Diaz-Balart—Yea; Hastings (WA)—Yea; Sessions—Yea.

SUMMARY OF AMENDMENT TO BE CONSIDERED AS ADOPTED

The amendment would place a \$2 million cap on the maximum amount of forgiven debt that would be eligible for tax relief. Second, it would further limit tax relief to situations where the debt is forgiven because of a decrease in home value or because of the financial hardship on the borrower.

TEXT OF AMENDMENT TO BE CONSIDERED AS ADOPTED

Paragraph (2) of section 108(h) of the Internal Revenue Code of 1986, as proposed to be added by section 2 of the bill, is amended by striking “without regard to clause (ii) thereof” and inserting “applied by substituting ‘\$2,000,000 (\$1,000,000’ for ‘\$1,000,000 (\$500,000’ in clause (ii) thereof”.

Paragraph (3) of section 108(h) of the Internal Revenue Code of 1986, as proposed to be added by section 2 of the bill, is amended to read as follows:

(3) EXCEPTION FOR CERTAIN DISCHARGES NOT RELATED TO TAXPAYER'S FINANCIAL CONDITION.—Subsection (a)(1)(E) shall not apply to the discharge of a loan if the discharge is on account of services performed for the lender or any other factor not directly related to a decline in the value of the residence or to the financial condition of the taxpayer.

